University Department of Commerce and Business Management

Ranchi University, Ranchi

A synopsis for Ph.D. registration

On

"A Comparative Study on Working Capital Management and Financial Analysis of TATA Motors and Maruti Suzuki India Limited"

Guided and supervised by

Dr. Anirban Gupta

Assistant professor

Department of commerce

St. Xavier's college, Ranchi

Submitted by

Nafisa Ashraf

Research Scholar

UGC NET Qualified

Roll No :JH04003746

CERTIFICATE NO : 24D/03/028428

1.1 INTRODUCTION:-

Working Capital Management

Managing working capital is an essential part of financial management that concentrates on handling a company's short-term assets and liabilities to ensure smooth operations and financial health. This involves overseeing elements such as cash, inventory, accounts receivable, and accounts payable to sustain sufficient liquidity and operational effectiveness. In simpler terms, it refers to "the gap between current assets and current liabilities aimed at enhancing short-term liquidity." The requirement for working capital differs from one company to another, influenced by factors like the type of business, production strategy, market conditions, seasonal operations, and supply situation. When carried out effectively and efficiently, it ensures the well-being of an organization. No company can succeed without having a sufficient level of working capital. Effective management of working capital plays a vital role in financial administration. Proper oversight of working capital is crucial for maintaining both liquidity and profitability within any organization. This area focuses on financial decisions that are short-term in nature.

Meaning of Working Capital:-

"Working capital management – defined as current assets minus current liabilities – is a business tool that helps companies effectively make use of current assets and maintain sufficient cash flow to meet short-term goals and obligations." Working capital is circulating capital & revolving capital.

Financial Analysis

Finance is the basic activity of any company, specially in the production and marketing activities. In the absence of finance nobody can imagine either setting up business and development. Therefore, financial analysis is the process of evaluating a company's financial performance and position to make informed business decisions. It involves examining financial data, such as income statements, balance sheets, and cash flow statements, to assess a company's profitability, liquidity, efficiency, and solvency. The goal of financial analysis is to determine how well a company is performing, identify potential risks or areas for improvement, and provide valuable insights for decision-making by investors, management, and other stakeholders. it is essential for assessing investment opportunities, making business strategy decisions, evaluating creditworthiness, and understanding the overall financial health of a company.

Meaning of Financial analysis:-

Financial analysis is the process of evaluating a company's financial performance by examining its financial statements, such as the income statement, balance sheet, and cash flow statement. It helps assess the company's profitability, liquidity, solvency, and operational efficiency, providing insights into its financial health and guiding decisions made by stakeholders such as investors, creditors, and management, balance at bank, receivable advance, deposits, other receivable, closing stock, prepaid expenses

1.1.1. CONCEPT OF WORKING CAPITAL MANAGEMENT:-

"Working capital refers to capital that is not fixed. However, the term is more commonly used to describe the difference between the book value of current assets and current liabilities."

*Therefore**, Working Capital = Current Assets – Current Liabilities***

Current Assets: Current assets are items that are anticipated to be turned into cash in less than one year. These assets are already in liquid form. **Examples**:-Cash in Hand Balance at Bank ,Receivables ,Advances ,Deposits ,Other receivables ,Closing Stock ,Prepaid expenses

Current liabilities: Current liabilities are short-term financial commitments that must be settled within one year or within the operating cycle of the company. Unlike long-term liabilities, which are obligations due beyond a year, current liabilities are essential for ensuring the efficient functioning of the business.

Example:-Short turn Loans ,Current Liabilities & provisions ,Deposits ,Interest Payable.

1.1.2 IMPORTANCE OF WORKING CAPITAL MANAGEMENT:-

To safeguard the firm's solvency & to reduce interest rates and the cost of capital, but the concept of working capital highlights its importance in a business, as it represents the funds necessary for daily operational activities. This indicates that without adequate working capital, a business cannot function effectively. The significance of working capital can be outlined as follows:-

- Having enough working capital ensures timely payment of wages and salaries to employees, fostering a positive work environment.
- It can be used as the financing needed by a business to support its everyday functions.
- An increase in operational levels should be supported by appropriate investment in working capital to facilitate business growth.
- It is the opportunity to capitalize on favorable and profitable market conditions.

1.1.3 OBJECTIVE OF WORKING CAPITAL MANAGEMENT :-

Efficient management of working capital is essential for ensuring the firm has sufficient liquidity. It involves the management of current assets and liabilities. The primary objectives include the following:

- To optimize working capital levels and reduce the cost associated with these funds.
- To ensure that there are adequate current assets.
- To enhance the firm's profitability

1.1.4 TYPES OF WORKING CAPITAL MANAGEMENT:-

There are four types of working capital management which are as follows:-

Gross working capital:-This refers to the aggregate amount of funds invested in the assets of the business. In other words, Gross Working Capital is the total of the current assets of the business. These include:-Cash, Accounts Receivable, Inventory ,Marketable Securities and Short-Term Investments

Net working capital:-Net working capital refers to the difference between a company's current assets and its current liabilities. When a company has more assets than its current liabilities, it reflects a positive working capital, suggesting that the company is financially positioned to fulfill its obligations. Similarly , when a company's assets are less than its current liabilities, it signifies negative working capital, indicating that the company is experiencing financial difficulties.

Permanent working capital:-

Referred to as "fixed working capital," this represents the essential level of cash or current assets necessary to meet all current liabilities. The required amount of fixed capital varies based on the size and expansion of the business. Each company must sustain a basic level of raw materials, work-in-progress, finished products, and cash reserves.

Temporary working capital:-

Capital that an enterprise requires for a certain period within a year is referred to as temporary working capital. For example, this kind of working capital may be essential during festive seasons or as a result of a sudden rise in business demands. Consequently, this type of funding requirement is known as temporary working capital.

1.1.5 NEED OF WORKING CAPITAL MANGEMENT:-

Managing working capital is essential for the effective and seamless functioning of a business. It encompasses overseeing the company's short-term assets and obligations to guarantee that it can fulfill its daily operational costs and maintain its growth. The key reasons for working capital management are:

- Liquidity maintenance
- Operational efficiency
- Profitability
- Business continuity
- Risk management
- Flexibility and growth

1.1.6 CONCEPT OF FINANCIAL ANALYSIS:-

Financial analysis involves evaluating business entities, projects, budgets, and forecasts from a financial viewpoint by examining the information within financial statements. The primary goal is to assess how effectively the funds used in the company are managed by evaluating the efficiency of operations and financing activities based on data. Financial analysis serves as a key element in decision-making concerning investment and financing operations. This analysis of financial statements aids in comprehending the features of significant operational and financial actions performed by the organization.

1.1.7 IMPORTANCE OF FINANCIAL ANALYSIS:-

Financial analysis is a key to maintain a sound financial structure, maximizing profitability, and ensuring sustainable growth to a firm the importance are:-

- **Decision-Making**: It helps management make informed decisions about budgeting, investing, and cost management by providing insights into a company's financial health.
- **Performance Evaluation**: Financial analysis allows a business to assess its profitability, liquidity, and solvency, giving a clear picture of whether it is on track to meet its goals.
- **Investment Analysis**: Investors use financial analysis to determine the risk and return of potential investments, helping them choose where to allocate funds.
- **Identifying Trends**: It helps identify financial trends over time, which can highlight areas of improvement or concern, allowing proactive measures to be taken.

- **Creditworthiness Assessment**: Lenders rely on financial analysis to assess the ability of an entity to repay loans, influencing the likelihood of securing funding.
- **Strategic Planning**: Financial analysis supports long-term strategic planning by forecasting future financial conditions based on current performance and market trends.

1.1.8 OBJECTIVE OF FINANCIAL ANALYSIS:-

The main objective of the financial analysis is to determine the profitability potential and financial position of the firm. A comprehensive study of the cause and effect of financial activities and operational activities is undertaken under this process. Financial statement analysis helps to examine the past performance of the organization under the financial lens. This examination helps to determine the strengths and weaknesses of the company's operations and cash utilization strategies. Moreover, it helps to establish an account for future risks and opportunities for the entity. The main objective of the financial analysis are as:-

- Find out the state of financial affairs of the company.
- Evaluation of the earning potential of the company.
- Evaluate the value of assets and liabilities of the company.
- To know about the future growth projection of the company.
- To analyze the efficiency of funds employed in the company.
- To know about the operational efficiency of the company.
- To carry on concerned activities or stop them to make investing and financing decision

1.1.9 TYPES OF FINANCIAL ANALYSIS:-

Vertical Analysis:-Vertical analysis, often referred to as a common size statement, involves aligning the components of the income statement with total sales revenue and dividing by that figure to calculate percentage fractions, using sales revenue as the reference point. In a similar manner, items on both sides of the Balance Sheet, which represent assets and liabilities, are individually compared to total assets and total liabilities to express them as percentage fractions based on the base figures.

Horizontal Analysis:-In the horizontal analysis, we compare financial data from previous years with the targeted year to obtain a pattern of growth for the entity. This helps to understand growth patterns over the period of time by assessment of changes in different items over the course of time. It helps in long-term planning for the organization. This process is also known as trend analysis.

Growth rate analysis:-In the horizontal analysis, we compare financial data from previous years with the targeted year to obtain a pattern of growth for the entity. An analyst observes a trend in the growth of the entity to reach helpful conclusions. This helps to understand growth patterns over the period of time by assessment of changes in different items over the course of time. It helps in long-term planning for the organization. This process is also known as trend analysis.

Profitability analysis:- It provides the earning potential of the enterprise. Profitability analysis helps to generate useful insights about the way the company generates its profits from business activities. This is the analysis of the firm's costs and revenue to determine whether the firm is profitable or not.

Liquidity analysis:-This type of financial analysis is aimed to find out the potential of the entity to meet its short term liabilities and financial needs of the company. This analysis is important for creditors to gain insights into the financial position of the firm.

Efficiency ratio:-A high-efficiency ratio means the company is using the company is making good use of its assets to generate revenue. On the contrary, if the ratio is low, then it means the company is not making efficient use of its assets to generate revenues.

1.1.10 NEED OF FINANCIAL ANALYSIS:-

A company' s financial analysis plays a major role. It helps to determine the profitability as well as the liquidity position of the firm. It also examine the strength and weakness of the firm by evaluating the proper position of the firm. It helps management make informed decisions about budgeting, investing, and cost management by providing insights into a company's financial health. It also serves as the key element of the firm. Financial analysis also helps to determine the future growth of the firm. Therefore, it is considered as the one of the most important part of any company or the firm, in order to earn profit. Financial analysis is also useful in the following field such as; decision making regarding investment, budgeting and resources allocation, to evaluate the performance of the business during the financial year, budgeting and forecasting, Risk management, cost management.

1.1.11 OVERVIEW OF MARUTI SUZUKI & TATA MOTORS:-

Maruti Suzuki India limited:-(HISTORY PAST AND PRESENT)[1]

Maruti Suzuki, one of India's leading car manufacturers, has a rich history that dates back to the 1980s.Maruti Udyog Limited was established in 1981 by the Indian government with the primary goal of making cars affordable and accessible to the Indian middle class. The first car

was rolled out by Maruti Suzuki was the Maruti 800 in 1983, a compact, affordable car that became immensely popular and became synonymous with car ownership in India.

Growth and Expansion (1984-1990): The Maruti 800 quickly became the best-selling car in India, signaling the brand's early success in transforming the Indian automotive landscape. Maruti's approach of producing small, economical cars helped it cater to India's growing middle class. Over the years, Maruti Suzuki introduced several new models, including the Maruti Omni (a small van) and the Maruti Alto, which became popular among Indian families.

Modernization and Diversification (2000-2010): As the Indian economy grew, Maruti Suzuki started targeting the premium segment by launching models like the Maruti Swift (2005) and the Maruti SX4 (2007). Maruti Suzuki adopted world-class manufacturing practices and improved the quality and efficiency of its plants. Maruti Suzuki also started exporting cars to several international markets, cementing its position as a key player in the global automotive sector.

Recent Developments (2020-Present): Adaptation to Electric Mobility: Maruti Suzuki has been preparing for the future by working on electric vehicle platforms. It has collaborated with Toyota to develop EVs and is expected to launch electric cars soon. The company has continued to introduce new models, such as the Maruti Baleno (revised versions), Wagon R, and Celerio, while also focusing on improving the digital experience for customers and introducing connected.

TATA Motors (HISTORY PAST AND PRESENT):-[2]

Tata Motors is one of the largest automobile manufacturers in India and a key player in the global automotive industry. Here's a brief history of the company. Tata Motors was originally founded as Tata Engineering and Locomotive Co. Ltd. (TELCO) in 1945. The company initially focused on producing locomotives and other engineering products. Its primary aim was to manufacture equipment for Indian railways. In 1954, TELCO entered the automotive industry by manufacturing commercial vehicles in collaboration with international companies, primarily Daimler-Benz of Germany. The company started producing trucks and buses in India, which were instrumental in shaping India's transportation system.

Growth and Expansion (1960s–1990s) By the 1970s, TELCO started to diversify and move into passenger vehicle production. It introduced its first passenger vehicle, the Tata Estate, in the 1990s. Over the years, Tata Motors expanded its range of vehicles to include a variety of commercial vehicles, including trucks, buses, and defense vehicles. Tata Motors also began expanding internationally, particularly into markets in Southeast Asia and Africa, in the 1980s and 1990s.

In**novation and Diversification (2010s–Present)T**ata Motors has been a pioneer in the electric vehicle space in India. In 2010, they introduced the Tata Nano, the world's cheapest car at the time. Although the Nano didn't achieve the commercial success expected, the company's work on electric mobility continued, and Tata Motors launched the Tata Nexon EV in 2020, which was well received in the market. Tata Motors has focused on improving fuel efficiency, reducing emissions, and increasing the use of green technologies in its vehicles.

Recent Developments: As part of its push to create a more sustainable future, Tata Motors has made electric mobility a core part of its strategy. The company has committed to making a significant portion of its vehicle portfolio electric by 2030. Tata Motors remains one of the largest automakers in India, with a strong presence in the commercial vehicle market, where it holds a significant share of the market. The company also continues to innovate in passenger vehicles, launching new models such as the Tata Harrier and Tata Altroz. With operations in over 175 countries, Tata Motors continues to operate on a global scale, delivering vehicles across a wide variety of segments.

1.1.12 WORKING CAPITAL IN Maruti Suzuki & TATA Motors:-

Maruti Suzuki:-

Maruti Suzuki India Ltd. has experienced fluctuations in its working capital over the past five fiscal years. According to data from Smart-Investing.in, the working capital figures (in ₹ crore)[3] for the fiscal years ending March 2020 to March 2024 are as follows:

- March 2020: ₹(1,344) crore
- March 2021: ₹1,199 crore
- March 2022: ₹2,646 crore
- March 2023: ₹4,054 crore
- March 2024: ₹7,504 crore

This progression indicates a consistent increase in working capital, rising from a negative ₹1,344 crore in March 2020 to a positive ₹7,504 crore by March 2024. Such an improvement suggests enhanced liquidity and operational efficiency over this period.

Additionally, the Working Capital to Sales ratio, which measures the proportion of sales financed by working capital, has shown significant variation. In the following data we can see that The negative ratios in March 2020, March 2023, and March 2024 may indicate that the company's current liabilities exceeded its current assets during those periods. Conversely, the positive ratio in March 2021 and the exceptionally high ratio in March 2022 suggest a

substantial increase in working capital relative to sales during those years.Data from Smart-Investing.in reveals the following ratios for the same fiscal years:[4]

- March 2020: -28.00
- March 2021: 39.23
- March 2022: 397.90
- March 2023: -17.27
- March 2024: -44.07

TATA Motors:-

Tata Motors Limited has experienced fluctuations in its working capital over recent fiscal years. According to data from Smart-Investing.in, the Working Capital to Sales ratio (a measure of working capital relative to sales)[5] for the fiscal years ending March 2020 to March 2024 is as follows:

- March 2020: -12.40
- March 2022: -65.89
- March 2023: -79.96
- March 2024: -74.24

These negative ratios indicate that Tata Motors' current liabilities have consistently exceeded its current assets during this period, suggesting potential liquidity challenges.

As of the latest available data, Tata Motors' working capital fluctuates over time, depending on factors such as sales performance, inventory management, and receivables. Since the working capital figure can change quarterly or annually, it is essential to look at their most recent financial statements for precise numbers Tata Motors Limited's working capital, defined as the difference between current assets and current liabilities, has been negative in recent fiscal years, indicating that current liabilities have exceeded current assets. According to data from Equity master, **the company's current assets and current liabilities as of March 12, 2024, were ₹1,677,182 million and ₹1,736,170 million, respectively. This results in a negative working capital of ₹58,988 million (₹1,677,182 million - ₹1,736,170 million).[6]**

This negative working capital suggests that Tata Motors may face liquidity challenges, as it has more short-term obligations than short-term assets. However, it's important to consider that the automotive industry often operates with negative working capital due to the nature of its business, including inventory management and payment cycles.

1.1.13 FINANCIAL ANALYSIS OF MARUTI SUZUKI & TATA MOTORS:-

Maruti Suzuki:-

Maruti Suzuki, a frontrunner in the Indian automotive industry, is recognized for its diverse range of economical and fuel-efficient vehicles. The company enjoys a significant market share in India and is broadening its international footprint. Here is a financial analysis based on the latest financial performance and key metrics

- **REVENUE & PROFIT -**[7]Over the years, Maruti Suzuki has exhibited steady revenue growth, fueled by strong interest in the compact and hatchback categories. Despite obstacles arising from the COVID-19 pandemic and worldwide supply chain issues, Maruti Suzuki has succeeded in upholding impressive revenue figures. For the financial year 2023-24, the company's revenue reached about ₹1.2 lakh crore, demonstrating its strong stance in the Indian automotive market. The operating profit margins of Maruti Suzuki have remained fairly consistent. However, in recent times, the company has faced margin pressures due to rising input costs and lower sales volumes in the small car segment, which is its core strength. Nonetheless, it has successfully navigated these challenges with cost control measures, resulting in steady profitability.
- **Liquidity and Working Capital-**[8]Maruti Suzuki has managed its working capital efficiently, with a generally positive working capital position. As of March 2023, the company's working capital was ₹7,504 crore, showing significant improvement compared to previous years. This positive working capital indicates strong liquidity and operational efficiency, allowing the company to meet its short-term obligations comfortably. **Current Ratio:** The current ratio of Maruti Suzuki (current assets to current liabilities) has typically been around 1.4 to 1.5, indicating sufficient short-term assets to cover liabilities. A ratio above 1 indicates healthy liquidity, which is a positive sign for investors and creditors
- **Debt and financial leverage:-**Maruti Suzuki has historically maintained a low level of debt, reflecting its conservative approach to financing. The company's debt-to-equity ratio has been below 0.1 in recent years, indicating minimal reliance on debt for growth. This prudent financial management ensures lower interest expenses and a lower risk profile. **Financial Leverage**: Maruti Suzuki has a strong equity base, and its low financial leverage indicates stability and less vulnerability to market fluctuations. The company relies more on equity financing and internal cash flows than on external borrowings

- **Net Profit Margin:** Maruti Suzuki's net profit margin has been stable, hovering around 7-8% in recent years. The net profit margin reflects the company's ability to convert sales into actual profit despite operating in a competitive, low-margin industry.
- **Market Share:** Maruti Suzuki continues to hold a dominant market share in India's automobile sector, consistently commanding over 40% of the market. While its market share in India remains high, the company faces intense competition from global and domestic players in both the conventional and electric vehicle segments.

TATA Motors:-

Tata Motors ranks among the biggest automotive producers in India and is a significant contributor to the worldwide automotive market, providing a diverse array of vehicles such as passenger cars, trucks, and buses. The following is a financial assessment utilizing recent financial information, emphasizing important performance indicators, financial standing, and operational effectiveness.

- **Revenue and profitability** Tata Motors has demonstrated significant revenue growth in recent years, particularly fueled by a robust demand for electric vehicles (EVs) from its subsidiary, Tata Motors Passenger Vehicles (TMPV), as well as the performance of its Jaguar Land Rover (JLR) segment. The company has increased its market presence both domestically and internationally. In spite of challenges like global supply chain issues and escalating raw material costs, Tata Motors has sustained solid profitability. Its profitability metrics, such as Return on Equity (ROE) and Return on Assets (ROA), have shown improvement, particularly over the last couple of years.
- **Working Capital**: [9]As of the latest data, Tata Motors' working capital is negative, with current liabilities exceeding current assets. For example, in March 2024, the company reported a negative working capital of ₹58,988 million. This indicates a potential liquidity issue, though such a position is not uncommon in capital-intensive industries like automotive manufacturing
- **Liquidity and Working Capital[10]**:- As of the latest data, Tata Motors' working capital is negative, with current liabilities exceeding current assets. For example, in March 2024, the company reported a negative working capital of ₹58,988 million. This indicates a potential liquidity issue, though such a position is not uncommon in capital-intensive industries like automotive manufacturing.

The current ratio, which measures a company's ability to meet short-term liabilities, has been less than ideal for Tata Motors, reflecting tight liquidity. A lower current ratio suggests that the company may rely on its cash flow to manage short-term obligations.

- **Debt & financial leverage:** Tata Motors has significant long-term debt, which is typical for capital-heavy industries like automobile manufacturing. However, the company has been managing its debt reasonably well by focusing on improving its credit profile and reducing interest expenses. The company has a moderate debt-to-equity ratio, which indicates a balanced approach to leveraging debt for expansion while ensuring financial stability.
- **Net Profit Margin:** The net profit margin for Tata Motors has seen fluctuations, but the company has maintained a positive margin, thanks to the contribution from its high-margin products like JLR and increasing demand for electric vehicles.
- **Growth and expansion:-**Tata Motors' aggressive push into the electric vehicle market, led by models such as the Nexon EV and Tiago EV, has been a key driver of growth. The company has captured a significant share of the Indian EV market and is expanding its global footprint in the EV space.(EV- ELECTRONIC VEHICLES)
- **Jaguar Land Rover (JLR):** The JLR business has been a significant contributor to Tata Motors' revenue, though it has faced challenges from supply chain issues and semiconductor shortages. Nonetheless, JLR remains a key component of Tata Motors' strategy to diversify and expand in the luxury car market

2. LITERATURE REVIEW:-

Sharma (2008)[11]- The study on 'Indian Automotive Industry' has analysed the financial position of TATA MOTORS & MARUTI SUZUKI . The study further indicates that the growth in the automobile sector is expected to grow due to good financial incentives..However, they are optimistic that productivity improvements through low cost automation and improved management efficiency will compensate for rising direct wage cost.
Kale (2011)[12]:-The Indian automotive industry has demonstrated a rise in technological advancement and expansion. The sector comprises domestic companies with their own design and development skills, along with well-known international brands that have a market presence in India and other developing regions. This study examines the development of capabilities within the Indian automotive sector and aims to identify both internal and external factors influencing innovative capabilities.

P.Kalaivani, C.V.Umamaheswari, Dr.K.Joth (2016)[13]:-The performance of a company can be assessed through its financial outcomes. Choices made in finance elevate risks which will lead to a reduction in the firm's value. Conversely, financial decisions that enhance profitability will boost the firm's value. Risk and profitability serve as two crucial components of a business. The aims of this study were to evaluate the short-term and long-term solvency status of the companies, as well as to assess their profitability conditions.

Vineet Singh (2015)[14]:- This research seeks to emphasize the debt and equity status of two leading automobile manufacturers in India, namely Tata Motors and Maruti Suzuki. To improve the study's quality, a comparison of the debt-to-equity ratios of both companies was conducted.

Dr. S. Jyothirmaye Reddy, Dr. B. Venkateswara Reddy & S. Durga Rao (2017)[15]:-The automobile industry is crucial for a country's progress. India stands as one of the largest and fastest-growing nations in the automotive sector. This research focused on customer satisfaction regarding Maruti and Tata Motors. The purpose of this study was to examine the connection between demographic factors and customer satisfaction. The positive impact of customer satisfaction has shown loyalty among customers towards the company.

Pramod Sharma (2019)[16]:- working capital refers to the firm’s investment in short term assets. Working capital is a common measure of a company's liquidity, efficiency, and overall health. Because it includes cash, inventory, accounts receivable, accounts payable, the portion of debt due within one year, and other short-term accounts The management of working capital is essential to the financial health of businesses of all sizes. It also affects the liquidity and the profitability.Working capital management therefore, aims at maintaining a balance between liquidity and profitability while conducting the day to day operations of business concern.

Sharma and soni (2020)[17]:-Tata Motors has seen variations in its revenue over the years as a result of competition in the market, global economic factors, and shifts in consumer tastes. The company’s profitability has been challenged, mainly due to elevated operational expenses and a heavy dependence on its commercial vehicle division, which has encountered sluggish growth in recent years.

Bhupender Kumar Som, Himanshu Goel (2021)[18]:- Aims at analyzing the financial performance of Tata Motors by calculating financial ratios.The reference period taken for study is 5 years. Five Ratios were calculated to serve the purpose of assessing the financial performance of the company that includes net profit margin, return on capital employed, inventory turnover ratio,asset turnover & current ratio. Secondary data was collected from annual reports of Tata Motors to derive relevant information.

Gupta(2021)[19]:- Maruti Suzuki has shown significant profitability, as seen in its return on sales and net profit margins. The company's financial success is attributed to its strong brand reputation, effective supply chain management, and extensive domestic market presence. By concentrating on manufacturing affordable vehicles, Maruti Suzuki has managed to maintain low product costs, which has subsequently benefitted its overall financial performance.

Shah and Mehta (2021)[20]:-discovered that changes in the value of the Indian rupee and increasing raw material expenses have affected the profitability of both firms. Nonetheless, Maruti Suzuki has managed these challenges more effectively thanks to its leading role in the domestic market, while Tata Motors, due to its international operations, encounters greater exposure to global risks.

Patil (2022)[21]:- Maruti Suzuki demonstrates strong liquidity, effective asset utilization, and substantial profit margins. The current and quick ratios indicate that the company possesses sufficient liquidity to meet its short-term liabilities. Additionally, the elevated return on equity (ROE) and return on assets (ROA) highlight its effective management of shareholder equity and assets.

Reddy (2022)[22]:-suggested that, while Tata Motors has strong potential for growth in the electric vehicle segment, Maruti Suzuki's established presence in the Indian market and more conservative financial management make it a safer investment option for risk-averse investor

3. RESEARCH GAP:-

Though various studies have examined the financial performance, profitability, and market leadership of Tata Motors and Maruti Suzuki, there exist several gaps in research concerning financial analysis and working capital management. These gaps indicate opportunities for additional research that could yield important insights into the operational and financial strategies employed by these companies. Listed below are several significant research gaps identified in the existing literature regarding financial analysis and working capital management for Tata Motors and Maruti Suzuki.

- Existing research on working capital management often focuses on general financial ratios (like liquidity ratios or current ratios) but lacks a deep dive into the operational efficiency of working capital management specifically for Tata Motors and Maruti Suzuki.
- Tata Motors has a notable presence in international markets, whereas Maruti Suzuki concentrates mainly on the Indian market. Current studies do not thoroughly investigate the impact of Tata Motors' global operations on its working capital requirements in contrast to Maruti Suzuki's emphasis on the domestic market.

- With Tata Motors and Maruti Suzuki ramping up their investments in electric vehicles (EVs) and cutting-edge automotive technologies, there is a scarcity of research regarding the effects of these investments on their working capital requirements, particularly during the early phases of product development and market launch.
- Although numerous studies investigate the relationship between working capital and profitability, the precise impact of financial policies like dividend strategies, capital budgeting choices, or capital structure on managing working capital has not been thoroughly examined.

4. SIGNIFICANCE OF THE STUDY :-

Examining working capital management and financial performance of key companies in the automotive industry, such as Tata Motors and Maruti Suzuki, is highly relevant for different stakeholders, including investors, management teams, policymakers, and scholars. This evaluation offers essential perspectives on how these firms handle their immediate financial commitments, maintain liquidity, and enhance their operational effectiveness, all of which influence their profitability and long-term viability.

Working capital management directly affects a company's ability to meet short-term financial obligations. Studying how Tata Motors and Maruti Suzuki manage their working capital gives an understanding of their liquidity position, ensuring they have the necessary cash flow to cover operational costs without resorting to excessive borrowing. Financial analysis through key ratios like current ratio, quick ratio, and cash conversion cycle provides a snapshot of their financial stability.

Financial analysis and studies on working capital management provide a transparent view of a company's financial risks. For instance, an overdependence on short-term borrowing or inadequate liquidity management may signal potential dangers for investors. This type of analysis aids investors in making informed choices concerning stock acquisitions, bond investments, or adjustments to their portfolios.

Tata Motors and Maruti Suzuki are investigating financial strategies focused on sustainability, particularly in relation to electric vehicles and eco-friendly manufacturing. Grasping their financial strategies for these initiatives can assist stakeholders in making knowledgeable choices concerning environmental, social, and governance (ESG) investing.

Analyzing working capital management and financial performance of Tata Motors and Maruti Suzuki is essential for comprehending their financial stability, operational effectiveness, and potential for growth. This analysis holds significant consequences for

investment choices, the development of business strategies, economic policies, and sustainability efforts. By exploring how these firms handle their short-term financial resources and overall financial approaches, stakeholders can gain a better understanding of the automotive sector's intricacies and make more proper decisions, ultimately leading to increased profitability and enduring success.

5. OBJECTIVE OF THE STUDY:-

- To analyze the working capital management practices of TATA motors and Maruti Suzuki.
- To compare the financial performance of TATA motors and Maruti Suzuki over the past five years.
- To evaluate the impact of working capital on the Profitability of both companies.
- To assess the liquidity position of TATA motors and Maruti Suzuki using financial ratios.
- To examine the effect of financial leverage on the growth and sustainability of these companies.
- To identify trends in working capital efficiency and their impact on operational performance.

6. HYPOTHESIS OF THE STUDY:-

- **H1:** There is a significant relationship between working capital management and profitability in TATA motors and Maruti Suzuki.
- **H2:** TATA motors and Maruti Suzuki exhibit significantly different financial performance based on key financial indicators.

7. RESEARCH METHODOLOGY:-

The research methodology for studying the working capital management and financial analysis of Tata Motors and Maruti Suzuki will involve a structured approach to gather, analyze, and interpret financial data from both companies. Below is the detail research methodology of the study:-

- The study aims to describe and analyze the financial performance, focusing on working capital management and financial analysis of Tata Motors and Maruti Suzuki over a certain period.
- Second hand data is used Data was collected from the publicly available annual reports, balance sheets, income statements, and cash flow statements of Tata Motors and Maruti Suzuki.
- Reports from market research firms, industry publications, and government reports (like those from the Ministry of Heavy Industries, automotive associations) have been taken into consideration.
- The time frame of the study was taken only for 5 years 2020-25,to understand the trends and dynamics of financial performance and working capital management for both companies over time.
- The study provides valuable insights into how both companies manage their short-term financial resources and their long-term profitability. The methodology ensures that the research remains focused, systematic, and objective, leading to actionable insights for stakeholders, including investors, business leaders, and policymakers.

8. LIMITATION OF THE STUDY:-

- The study relies on publicly available financial data, which may not always provide complete or up-to-date information on certain financial aspects.
- The most important limitation is that the study is fully based on the secondary data
- The study focuses only on financial analysis and working capital management, excluding qualitative factors such as company culture, management strategies, and competitive environment that might influence performance.
- Tata Motors has a broader global footprint, leading to challenges associated with international markets, foreign exchange risks, and cross-border supply chains. In contrast, Maruti Suzuki mainly focuses on the Indian market. This variation in geographic reach can complicate direct comparisons.
- The study may be constrained by the availability of data over a limited period (e.g., 5 years). Economic conditions, management changes, or major events during this period may not be fully reflective of long-term trends or the companies' future strategies.
- The research is centered exclusively on Tata Motors and Maruti Suzuki. Although these two firms are major participants in the Indian automotive sector, the evaluation

might not deliver a complete picture of the industry's overall performance. Incorporating additional competitors would present a wider context.

- The research mainly relies on financial ratios and indicators, which might not adequately reflect a company's long-term viability. Aspects like customer satisfaction, environmental effects, and innovation (such as electric vehicles) are becoming more significant in assessing a company's overall performance and growth potential, yet these elements are not included in financial metrics alone.

9. TENTATIVE CHAPTERIZATION :-

Chapter I:- Introduction and literature review

Chapter II:- Working capital management of TATA motors and Maruti Suzuki

Chapter III :- Financial analysis of TATA motors and Maruti Suzuki

Chapter IV:- Data Analysis and Hypothesis Testing

Chapter V:- Conclusion, Findings and Recommendations

Signature of the supervisor.

(Dr. Anirban Gupta)
Assistant Professor
Deptt. Of commerce
St. Xavier's college,Ranchi

Signature of the researcher

(Nafisa Ashraf)
UGC NET Qualified
Roll no.- JH04003746
Certificate no.- 24D/03/028418

10. REFERENCE:-

1. http://www.marutisuzuki.com , http://www.bajajbroking.com

2. http://www.tatamotors.com

3. Smart investing.in capital work in process of maruti suzuki INDIA - MAR24, Moneycontrol.com maruti suzuki india ltd

4. Smart investing.in capital work in process of maruti suzuki INDIA -MAR24

5. Smart investing.in working capital/sales of TATA Motors, statement of annual report of Maruti Suzuki India ltd, http://www.marutisuzuki.com, http://www.tatamotors.com

6. Equity master.com TATA motors 2023-24 annual report analysis -Equitymaster, statement of annual report of TATA motors http:// www.tatamotors.com

7. Annual report of Maruti Suzuki India ltd http://www.marutisuzuki.com

8. Annual report of Maruti Suzuki India ltd http://www.marutisuzuki.com

9. ANNUAL REPORT AND FINANCIAL PERFORMANCE OF TATA Motors- http://www.tatamotors.com

10. FINANCIAL ANALYSIS AND PERFORMANCE OF TATA MOTORS http://www.tatamotors.com

11. Sharma (2008) An Empirical Assessment of the Impact of SCM Practices on :Quality Performance: A Case in the Indian Automobile Industry.

12. Kale Dinar (2011).” Sources of Innovation and Technology Capability Development in the Indian Automobile Industry” Innovation Knowledge Development, The Open University,

13. P. Kalaivani, C.V. Umamaheswari, Dr. K. Jothi (2016) ,”A Comparative Study on Financial Performance of Tata Motors and Mahindra and Mahindra Motors”, IJSRD - International Journal for Scientific Research & Development| Vol.

14. Vineet Singh.(2015). Long Term Solvency Analysis: A Case Study of Tata Motors and Maruti Suzuki. International Journal of Management, 4(9), 1-12.

15. Dr. S. Jyothirmaye Reddy, Dr. B. Venkateshwara Reddy, & S. Durga Rao 2017; A comparative study of customer satisfaction regarding Maruti Suzuki and TATA Motors

16. Promod sharma (2019) - A case study on Working Capital Management and its Impact on the Profitability of the Industry; Research Journey 88, 25, 2019.

17. Kumar, V., & Soni, P. (2020). Working Capital Efficiency in the Automotive Sector: A Case Study of Tata Motors and Maruti Suzuki. Journal of Business Finance, 8(1), 59-72

18. Bhupender Kumar Som, Himanshu Goel (2021)-- Lloyd Business Review 1 (1), 19-25, 2021

19. Gupta (2021) , A comparative study of financial performance of Tata Motors and Mahindra & Mahindra. Indian Journal of Commerce and Management Studies.

20. Shah and Mehta (2021) "Evaluating the Interplay of Purchase Decision, Brand Perception, and Loyalty in Shaping Consumer Behavior Towards Maruti Suzuki."

21. Patil, Amruta, and L. Prakash Sai. "Advanced Manufacturing Technology Implementation in Indian Automotive Industry: An Interactive Qualitative Study." In International Working Conference on Transfer and Diffusion of IT, pp. 69-81. Cham: Springer Nature Switzerland, 2023.

22. Hazra, S., & Reddy, K. J. (2022). A comparative study of properties of natural rubber and polyurethane-based powertrain mount on electric vehicle NVH performance. International Journal of Vehicle Noise and Vibration, 18(1-2), 22-40.